

20th SEPTEMBER 2016

REPORT OF HEAD OF WELLAND INTERNAL AUDIT CONSORTIUM

MONEY LAUNDERING POLICY

1.0 PURPOSE OF REPORT

1.1 To seek Members' approval of the Money Laundering Policy.

2.0 RECOMMENDATIONS

2.1 **That Members approve the Money Laundering Policy.**

2.2 **Subject to 2.1 approval, the Money Laundering Policy be referred to Full Council for adoption into the Council's Constitution**

3.0 BACKGROUND

3.1 Money laundering is the term used to describe attempts to disguise criminally sourced cash or property in order to give the appearance of legitimacy. Whilst it is acknowledged that the risk posed to the Council should be low given the nature of its activities and customers, a robust money laundering policy and procedures are considered best practice in supporting the Council's counter fraud and ethical governance arrangements.

3.2 The Chartered Institute for Public Finance and Accountancy (CIPFA) advise that all local authorities should:

'Take all reasonable steps to minimise the likelihood of money laundering occurring, by putting in place proper policies and procedures. The consequences of any public service organisation or members of its staff becoming involved in money laundering, without there having been policies and procedures in place to help prevent it, may be very serious. It may result in criminal prosecutions if organisations and individuals are not fulfilling their duty under the law. And it would reflect poorly not only on the organisation concerned but, potentially, on the public services as a whole.

CIPFA's view, therefore, is that it is prudent and responsible practice for all public service organisations to put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements, designed to enable them to detect and avoid involvement in the crimes described in the legislation and regulations'.

4.0 MONEY LAUNDERING POLICY

4.1 The Council has not previously adopted a money laundering policy and this has been highlighted by Internal Audit as a recommended improvement to the governance and control framework.

4.2 The Head of Internal Audit has drafted a policy for the Council which is based upon good practice templates adopted across wider local authorities served by LGSS Internal Audit and which has been developed in accordance with the latest applicable legislation. Given the technical nature of the policy and legislation, supporting guidance has also been produced to assist officers in applying the requirements of the policy.

- 4.3 The Council has agreed to implement suitable controls to mitigate the risks in respect of money laundering, including:
- Nomination of a Money Laundering Reporting Officer (Head of Central Services) and a deputy (Central Services Manager);
 - Setting of a limit on the value of cash payments which will be accepted by the Council (£1,000);
 - Agreement of a reporting procedure to be adopted for any concerns and a template form for such reports; and
 - Checks to be enforced for any new customers where £10,000 or more will be exchanged.
- 4.4 These additional controls have been reflected within the policy document and supporting guidance.
- 4.5 If the policy is approved and formally adopted, it is planned that a targeted training session will be held with any officers considered to be most likely to encounter this risk in order to raise awareness and embed the controls.
- 5.0 **POLICY AND CORPORATE IMPLICATIONS**
- 5.1 It is recommended that the money laundering policy be approved and adopted to support the Council's control framework.
- 5.2 Given the nature of the policy, it is recommended that this be added to the Council's Constitution alongside the Counter Fraud Policy, Fraud Response Plan and Whistleblowing Policy.
- 6.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**
- 6.1 There are no financial or other resource implications arising directly from this report.
- 7.0 **LEGAL IMPLICATIONS/POWERS**
- 7.1 The consequences of any public service organisation or members of its staff becoming involved in money laundering, without there having been policies and procedures in place to help prevent it, may result in criminal prosecutions if organisations and individuals are not fulfilling their duty under the law.
- 8.0 **COMMUNITY SAFETY**
- 8.1 There are no community safety implications arising directly from this report.
- 9.0 **EQUALITIES**
- 9.1 There are no equalities implications arising directly from this report.
- 10.0 **RISKS**
- 10.1 Failure to adopt and embed suitable controls and awareness in relation to money laundering risks and to fulfil the organisation's responsibilities could result in prosecutions, financial loss and reputational damage.

11.0 **CLIMATE CHANGE**

11.1 There are no climate change implications arising directly from this report.

12.0 **CONSULTATION**

12.1 The Council's Management Team have approved the draft money laundering policy and guidance.

13.0 **WARDS AFFECTED**

13.1 All wards are indirectly affected by the report.

Contact Officer Rachel Ashley-Caunt

Date: 20/09/2016

Appendices : A – Money Laundering Policy

Background Papers: N/A

Reference : N/A